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Extension
Service

Economic Development Program: A Review

The Cooperative Extension System (CES) provides assistance our Nation's communities need to develop their economic goals. These goals involve cooperation between the public and private sectors to create jobs, income, and government revenues. At the same time, communities, with CES's help, seek to achieve this development while maintaining concern for clean air and water, open spaces, and good schools.

This report reviews CES's program activities in economic development from 1984 to 1987, and future plans for 1988-91. It also highlights the opportunities, accomplishments, impacts, and emerging issues affecting the economic development program.

SITUATION

Simultaneous declines in key rural industries — agriculture, mining, energy, and manufacturing — are adversely affecting jobs, incomes, and Government revenues in rural America. Rural employment has grown 4 percent since 1979, compared to 13 percent for urban areas. More than 1,000 rural counties had annual unemployment rates of 9 percent or greater in 1986. The 1985 poverty rate of the nonmetro population was 18.3 percent, contrasted with 12.7 percent of the metro population. Unlike the metro poverty rate, the nonmetro poverty rate has not fallen since the recession of the early 1980's.¹ Small businesses are responsible for 58 percent of the Nation's private, nonagricultural workforce and 45 percent of the Gross National Product. The United States as a whole, and rural America in particular, is facing more and more stiff international competition. These conditions have led CES to provide educational programming in economic development and small business management.

AUDIENCES

Extension's economic development programs serve a large and diverse clientele. Accomplishment reports for fiscal years 1984-87 identified the following audiences: limited resource clientele (women and minorities); county planning directors; existing, new, and prospective businesses; youth; business, industry, and local leaders and private citizens; retail businesses; Indian reservations; supervisors; displaced workers; commercial fishermen and foresters. To meet the special needs of these target audiences, Extension developed programs for career decisionmaking for youth, strategic planning for local leaders in economic development, and business management for entrepreneurs.

EXTERNAL RESOURCES

Extension works with a wide range of external organizations and draws on a variety of financial resources to meet economic development goals. Some examples of non-CES resources supporting CES programs over the last 4 years include State agencies (departments of development and agriculture); Federal agencies (Small Business Administration, U.S. Department of Housing and Urban Development, and other agencies of the U.S. Department of Agriculture); the regional rural development centers; academic departments on

¹U.S. Department of Agriculture, Economic Research Service, "Rural Economic Development in the 1980's — A Summary," Agriculture Information Bulletin Number 533, Oct. 1987, pp 1-4.

campuses (business and architectural schools); chambers of commerce; farm bureaus; economic development committees; private industry; county rural development committees; Extension boards; the National Main Street Center of the National Trust for Historic Preservation; private foundations (Black Fund of Washington, D.C.; the R.J. Reynolds Company); professional associations (American Economic Development Council); a minority assistance corporation; Sea Grant Extension programs; and rural electric cooperatives. Volunteers are a key resource in delivering CES programs. This sampling of collaborators merely illustrates the impressive pool of resources on which CES can draw to deliver programs.

TYPES OF PROGRAMS

A review of the accomplishments over the last 4 years reveals a broad array of services and approaches provided through CES. Some areas in which CES is currently providing economic development assistance include the following: small business management, community economic analysis, county profiles; community surveys (to identify problem areas), retention and expansion of existing industries, economic base and trade area analyses, growth management, industrial development; social and economic impact analysis, downtown "design" assistance; and plant shutdown and worker displacement assistance. Some of the vehicles used to deliver these services include one-on-one assistance to entrepreneurs, newsletters, workshops, "hotlines," bulletins (for example, tax guides), multimedia presentations, and factsheets.

IMPACT HIGHLIGHTS

As reported by the States, the following selection of impacts are from the National Accountability and Reporting System's (NARS) data base on CES's economic development programs for 1984-87:

1984

Wisconsin's business development program resulted in improved sales of \$10.7 million, 2,373 new jobs, increased profits of \$17 million, and increased State tax collection by \$3.7 million.

Two new businesses and 12 new jobs were the result of Vermont's small business education program.

Ohio's business retention and expansion program resulted in 3,085 new jobs, and additional salary gains of \$2.7 million.

As a result of New Hampshire's apple market development program, new, small pick-your-own farms were planted, representing a potential economic development of \$157,500 annually on maturity.

Missouri's economic development and job creation efforts resulted in the establishment of 6 new enterprises and more than 20 jobs.

Mississippi's Choctaw Indian Reservation Industrial Development Program resulted in 200 jobs for American Indians.

Kentucky's economics, manpower, and careers program helped in securing or expanding 43 industries which provided 2,744 new jobs and revitalized 56 downtown areas.

Twenty-four new or expanded campgrounds and six marinas were the results of Kentucky's recreation and tourism program.

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Iowa's retail trade program resulted in establishing 661 new businesses, 3,187 new jobs; and filling 83 vacant stores.

Indiana's program for attracting employment opportunities resulted in 350 jobs through the attraction of new industry and the retention of 1,030 jobs in existing industry.

Georgia's manpower development and employability skills enhancement program resulted in three jobs for adults and increased salaries for four adults.

California's rural economic development program resulted in a potato processing plant that provided 100 new jobs in the Doris, California area.

Alabama's community economics program led to increased incomes from commercial shrimping totaling \$10 million annually.

1985

Wisconsin's business development program resulted in improved sales of \$13.1 million, an increase of 3,102 jobs, and increased State tax collections by \$4.5 million. The program also resulted in 1,698 new and 1,301 expanded enterprises.

Wisconsin's community revitalization program resulted in 14 communities with improved downtown and community appearance, and 12 communities with improved facilities and services.

West Virginia's rural economic development program resulted in 500 incomes being increased by \$1.75 million.

Virginia's rural economic decisions program resulted in additional income for small farmers in a seven county area, and an increase of \$75,000.

Vermont's economic development program resulted in two new businesses with expected gross sales of \$700,000 and 11 new jobs.

Utah's program to deal with the aftermath of plant shutdowns led to the creation of 43 community action plans.

North Carolina's farmers' market program led to the establishment of four facilities and increased sales of \$100,000.

New Jersey's commercial fisheries program resulted in the creation of 96 jobs, including 64 for low- to moderate-income people, and the leveraging of \$1.2 million in private funds.

Montana's economic development program resulted in income increases of \$75,000.

Missouri's business development and management program resulted in 65 entrepreneurs increasing sales potential to \$6.5 million.

Mississippi's industrial development program resulted in the creation of 10 jobs.

Mississippi's Choctaw Indian Reservation Industrial Development Program resulted in the creation of 260 jobs, almost eliminating unemployment on the reservation.

Maryland's economic development program results in the creation of 200 jobs and the saving of 140 jobs.

Kentucky's economics, manpower, and careers program resulted in the creation of 2,092 jobs, 61 new and expanded industries, and the revitalization of 49 downtown areas.

Kansas' small business assistance program resulted in 15 new or expanded enterprises with 45 new jobs created.

Iowa's economic development-retail trade program resulted in 325 new businesses and 1,612 new jobs.

Illinois' tourism and economic development program resulted in the establishment of three campgrounds.

Georgia's economic development strategic planning program resulted in the creation of 50 jobs.

The District of Columbia's economics, manpower, and career development program resulted in 25 jobs for 4-H members, with employment of 175 summer youth.

Arkansas' industrial development program resulted in 449 jobs worth \$3.8 million.

1986

Arkansas' industrial development education program resulted in 347 jobs worth \$14 million, the establishment of 5 industrial parks, and 31 farmers' markets worth \$2 million.

The District of Columbia's economics, manpower, and career development program resulted in the creation of 45 jobs for 4-H members and the employment of 300 summer youth.

Florida's (1890) rural and community decisionmaking program resulted in 55 families increasing their average incomes by \$400.

Georgia's economic development strategic planning program resulted in the creation of 50 jobs.

Indiana's program for attracting employment opportunities resulted in the establishment of 7 businesses, 150 jobs, and the placement of 31 retrained individuals.

Kentucky's economics, manpower, and careers program resulted in the creation of 1,478 jobs, 109 revitalized downtown areas, and 96 new and expanded industries.

Maryland's economic development program resulted in the creation or the saving of 457 jobs, with an additional economic impact of \$1 million.

Michigan's economic development of agriculture and agribusiness program resulted in five new or expanded enterprises.

Mississippi's Choctaw Indian Reservation Industrial Development Program resulted in the opening of two industries and the creation of 400 jobs.

Mississippi's Sea Grant advisory service program in recreation and tourism resulted in a potential 1,500 jobs and a potential economic impact of \$100 million annually.

Missouri's small business development and management program resulted in the creation of 224 jobs.

Montana's economic development program resulted in \$365,000 in increased incomes.

New Jersey's business management (commercial fisheries) program resulted in the creation of 150 jobs.

Oklahoma's economic development program resulted in the establishment of seven new and eight expanded businesses, and the creation of 640 jobs.

South Dakota's economic development program resulted in 70 part-time grower jobs and at least 26 full-time jobs associated with a new mushroom plant.

Utah's rural small business and home-based business development program resulted in the employment of 235 people in 22 new businesses, and the retention of 18 businesses saving 345 jobs.

Vermont's small business and economic development program resulted in 111 new jobs with 104 counseling clients.

Virginia's organizational development and maintenance program resulted in \$75,000 in increased income for 35 small farms.

1987

West Virginia's rural economic development program resulted in 2,500 families increasing their incomes by \$2,500 each.

Tennessee's economic development program resulted in 183 new or expanded enterprises with \$2.7 million in benefits for 13,500 people.

Montana's economic development program resulted in 100 jobs.

Kansas' small business assistance program resulted in 42 new or expanded enterprises that created 140 new jobs.

Kansas' home-based business program resulted in 75 new or expanded enterprises.

Iowa's community economic development program resulted in the creation or retention of 630.

The District of Columbia's business management training program resulted in the establishment of 64 new businesses.

Alabama's small home-based business program resulted in the establishment of seven businesses with income gains of \$16,829.

Arkansas' industrial development program resulted in the creation of 1,300 jobs worth \$10.5 million, 47 new industries worth \$9.1 million, and 89 assisted or expanded businesses worth \$56 million.

Kentucky's manpower and careers program resulted in 63 expanded businesses, the creation of 65 new industries, the revitalization of 54 downtown areas, and the creation of 1,743 jobs.

Arizona's community economic development program resulted in an 18.5-percent increase in retail sales in one community, despite declining employment in the community, and 25 new businesses.

Indiana's program for attracting employment opportunities resulted in the establishment of four new businesses, over 650 new jobs, retention of 1,000 jobs, reduced unemployment, and other economic benefits.

Maryland's economic development program resulted in the saving and creation of 797 jobs with \$2.4 million in additional income.

Missouri's program for increasing productivity in commercial and industrial enterprises led to five new businesses and increased sales for 32 firms.

Missouri's program on individual professional development in Missouri business and industry resulted in \$42,000 in increased sales and 4 new jobs.

Missouri's economic development and job creation program resulted in the creation of three jobs.

Missouri's community economic development and job creation program resulted in the establishment of nine businesses and six new or expanded enterprises.

Missouri's small business development and management program resulted in the creation of 15 jobs and 58 new businesses.

PROGRAM SPOTLIGHTS

The following examples show how CES' economic development programs can have a positive economic impact in a community.

- Decatur County in Georgia (pop. 26,000) is heavily dependent on its agricultural base. Since 1983, lower commodity prices and local drought had had a negative impact on the agribusinesses, financial institutions, and retail businesses that relied on the farm economy to remain healthy. CES brought together the industrial and agricultural communities, and analyzed the local economic and social situation. When a local peanut shelling company decided to phase out an outdated plant in the county, a local farm supply dealer heard of a large out-of-state peanut butter processor looking for a Georgia location. He notified the county Extension director and the Chamber of Commerce. They formed a Decatur County delegation that convinced a Chicago-based company that Decatur County could offer quality peanuts from the county's 27,000 acres of peanuts. A ground breaking ceremony in January 1987 initiated a \$10 million investment that will employ 200 local people. The company will shell peanuts for blanching, dry roasting, and making peanut butter by summer 1988.
- In New York, the biotechnology transfer Extension specialists actively work with nearly 110 small entrepreneurial biotechnology firms throughout the State to link them with basic and applied researchers at Cornell University, as well as with other New York State Centers for Advanced Technology. Regular meetings are organized for members of these firms on campus, with the aim of creating private sector investments, jobs, and new product lines.
- The rural development committee of Macon County in Tennessee, chaired by the county Extension leader, investigated a number of alternatives for creating jobs and income. The committee proposed that the State locate a new National Guard Armory in the county. As a result, construction contracts totaling \$1 million will provide three full-time jobs with an annual payroll of nearly \$300,000. The additional spending in the locale will generate secondary benefits.

- Faced with high unemployment and a loss of three major employers in central Pennsylvania, CES conducted a needs assessment on how to start and manage a small business for business owners and those thinking of starting a business. State and county Extension specialists and community professionals conducted six 3-hour training sessions. This program has resulted in a 30-percent increase in business, a 40-percent increase in profits, significant savings in operating expenses, and a reported increase in employee morale.

RELATIONSHIP TO CES NATIONAL INITIATIVES

The Cooperative Extension System is focusing its resources on critical national issues. These issues were identified by the National Initiative Task Forces. Many of these issues deal with economic development. CES's economic development programs will respond to the following critical issues over the next 4 years:

Alternative Agricultural Opportunities Initiative

- Maintain profitability while protecting the environment
- Evaluate new enterprises
- Explore nonfarm income sources

Building Human Capital Initiative

- Facilitate career preparation and transition

Competitiveness and Profitability of American Agriculture Initiative

- Strengthen business and community support systems

Conservation and Management of Natural Resources Initiative

- Market natural resource goods and services

Family and Economic Well-Being Initiative

- Improve financial stability
- Assist families during disruption and dislocation

Revitalizing Rural America Initiative

- Maintain and enhance rural economic competitiveness
- Diversify the rural economic base

PLANNED ACTIVITIES

The Cooperative Extension System is responding to critical national and local concerns with educational programming for economic development. Those areas receiving increased emphasis over the next 4 years include recreation and tourism income-generating opportunities; county economic profiling; retention and expansion of existing industries; small business management including home-based business; downtown revitalization including both retail and service business development and improvement in the appearance of downtown areas; economic diversification value-added processing; and promotion of foreign trade.

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